



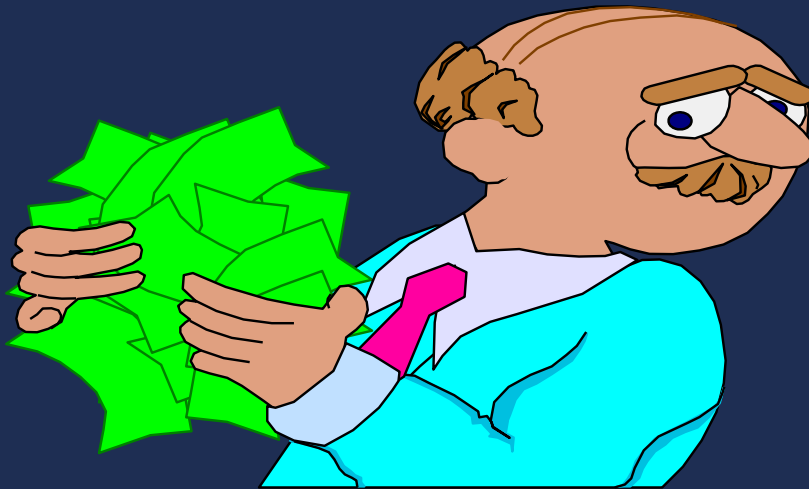
Financial Planning

Five Easy Steps

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6-4358

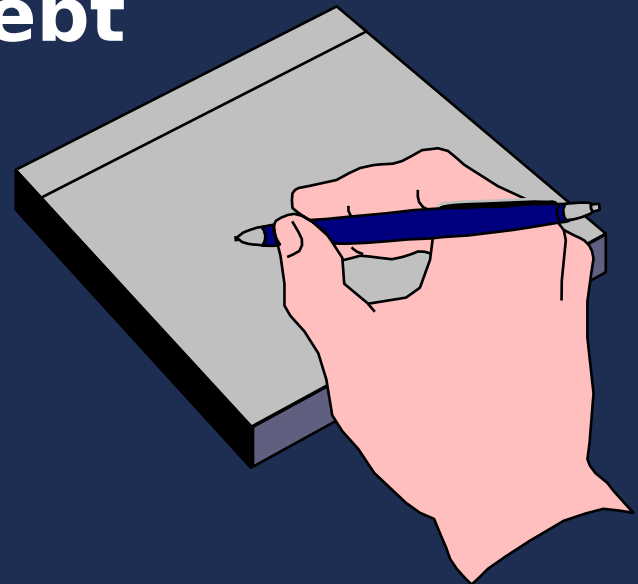
Step One

- **Analyze your cash flow, what amount of money do you have coming in**



Step Two

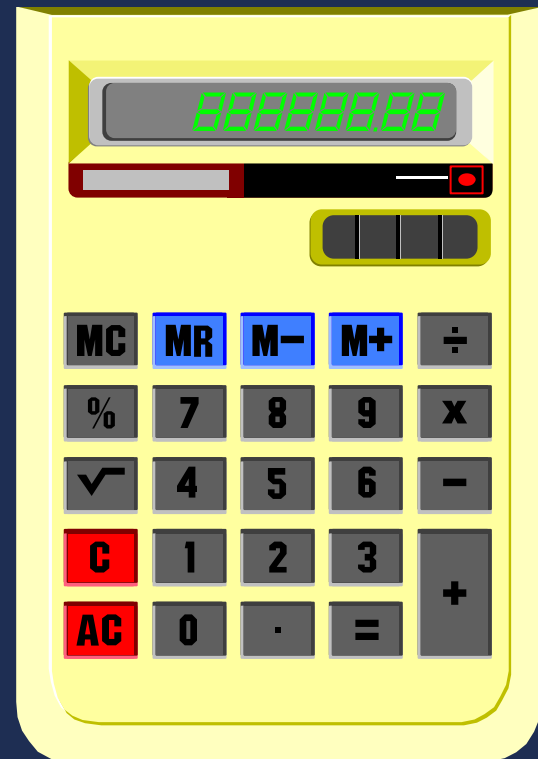
- **List out your debt**
- **Is all the debt combined a manageable credit debt**
- **Most experts tend to state 20% is manageable credit debt**



Step Three

INVESTMENTS

- What have you done over the past years
- Do you have an...
 - IRA
 - STOCK MARKET
 - MUTUAL FUNDS



The Answer to Your Financial Concerns: Monthly Investing

Monthly investment	5 yrs	10 yrs	15 yrs	20 yrs
- 25	2,062	5,808	12,614	24,979
- 50	4,124	11,616	25,288	49,585
- 100	8,248	23,232	50,456	99,916
- 250	20,622	58,085	126,144	249,787



CATEGORIES OF SAVINGS AND INVESTMENTS



I: Savings

- **Certificates of Deposit**
- **Credit Union Accounts**
- **Savings Bonds**
- **Fixed Annuities (tax deferred)**



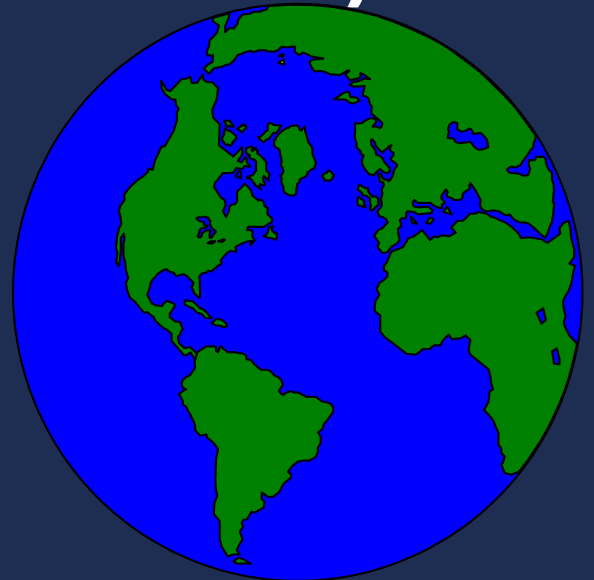
II. Investments

- Tax free mutual funds
- Government securities mutual funds
- Corporate bond mutual funds
- Balanced mutual funds



III: Investments

- **Growth mutual funds**
- **Small cap mutual funds**
- **International/Global mutual funds**
- **Variable annuities (tax deferred)**
- **Thrift Savings Plan**



THRIFT SAVINGS PLAN

- **Who is eligible?**

**Active duty members of the
Uniformed Services**

**Members of the Ready Reserve in
any pay status**

TSP Continued

- **When can members elect to participate?**

Members may elect to contribute during the TSP Open Seasons:

Apr 15-Jun 30 and Oct 15-Dec 31

Elections made during the open season are effective the first pay period in the last month of the open season (Jul & Jan)

Within 60 days of entry onto active duty or assignment to a Guard or Reserve unit

TSP Continued

- **5 Funds to choose from:**

C fund-Common Stocks (S&P 500 index)

S fund-Small Caps (Wilshire 4500 index)

I fund-Overseas (Morgan Stanley Capital International) (21 Countries represent the index)

F fund-Bond index fund (LBA bond index)

****G fund-U.S. Treasury securities (short term securities)**

**** No market risk in the G fund**

TSP Continued

- **TSP will deposit the first contribution into the G fund**
- **Once the first contribution is received, the TSP will mail the member a notice with TSP pin number. Once you receive a pin number, you designate what percentage you want in each fund.**

TSP Continued

- **Contribution sources:**

Basic Pay (up to 9% from basic pay in 2004 with a 1% increase each year until 2006)

Incentive Pay any percentage

Special Pay any percentage

Bonus Pay any percentage

TSP Continued

- Rates of Return as of 1 July 2004

Fund Jun 2004 7/1/03-6/30/04 94-04

G	.38%	4.29%	6.04%
F	.60%	.30%	6.95%
C	1.86%	18.97%	10.99%
S	2.72%	29.35%	9.70%
I	2.89%	32.45%	4.32%

IV: Speculative

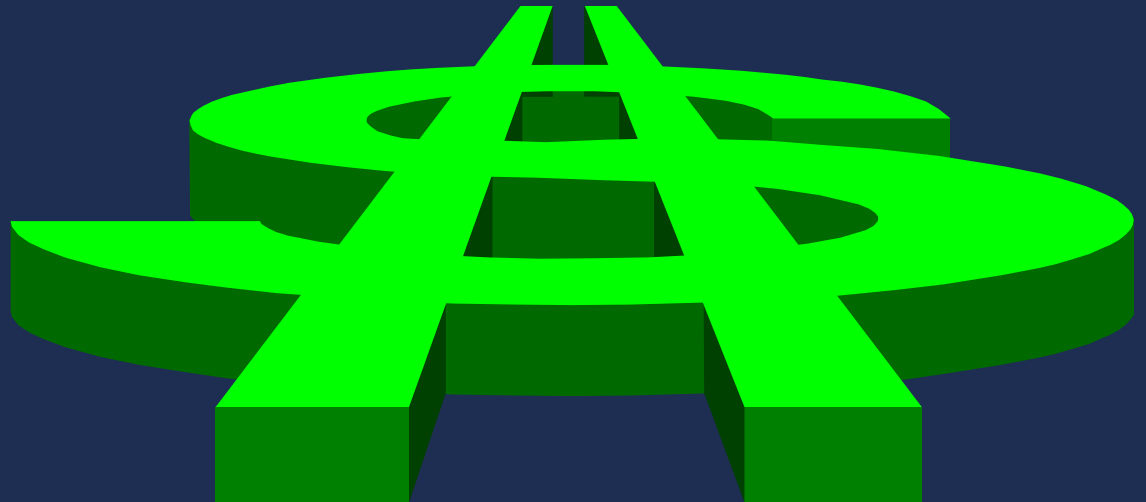
- **Stocks & Bonds**
- **Rental property**
- **Oil & Gas**
- **Gold & Silver**
- **HIGH RISK**
- **???**



RULE OF 72

CALCULATE YOUR FUTURE SAVINGS

- **TAKE RATE OF RETURN YOU ARE EARNING AND DIVIDE IT INTO 72 TO DETERMINE HOW MANY YEARS IT WILL TAKE FOR YOUR MONEY TO DOUBLE**



RULE OF 72

72 divided by the rate of return (%) =
the number of years it will take an
investment to double in value.

72 divided by 1% = 72 years

72 divided by 6% = 12 years

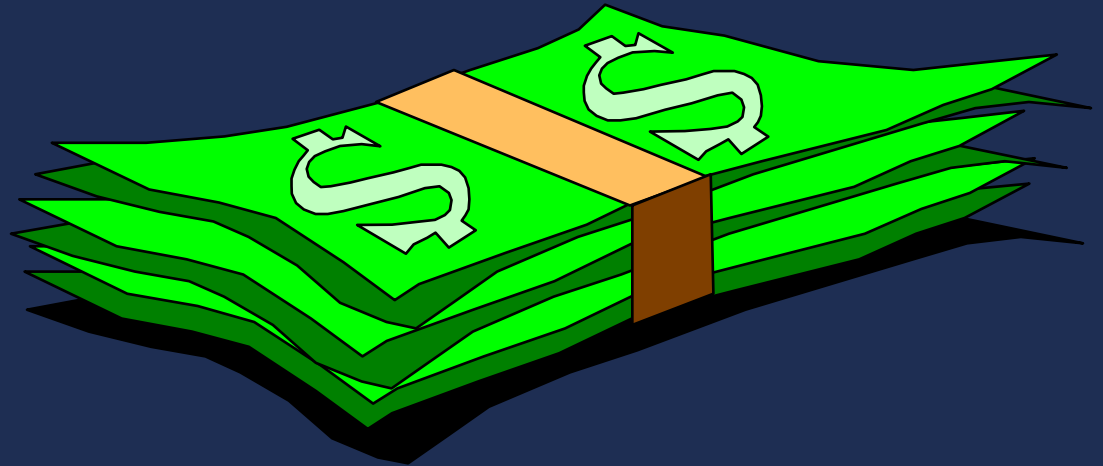
72 divided by 10% = 7.2 years

72 divided by 24% = 3.0 years

Step Four

TAX PLANNING

- **HOW MUCH MONEY DO YOU HAVE TAKEN OUT EACH PAYDAY**
- **IS IT ENOUGH**
- **ARE GETTING BACK OVER \$500 FROM THE IRS**



Step Five

Wills and Estate Planning

- **PLAN WHERE YOU WANT YOUR FUNDS AND PROPERTY TO GO**
- **WHO WILL TAKE CARE OF THE CHILDREN**
- **IF YOU DIE WITHOUT A WILL, A PROBATE COURT WILL DIVIDE YOUR PROPERTY ACCORDING TO STATE LAW**
- **WHEN SHOULD I CHANGE MY WILL**